

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

**Annual Financial Report  
As of and For the Years Ended  
September 30, 2005**

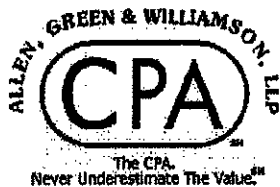
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-26-06

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

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### Independent Auditors' Report

Board of Commissioners  
Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana

**Basic Financial Statements** We have audited the accompanying financial statements of the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, (the District) a component unit of the LaSalle Parish Police Jury, as of and for the years ended September 30, 2005 and 2004, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2005 and 2004, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in accessing the results of our audit.

**Required Supplemental Information** The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and accordingly, express no opinion on it.

**Supplemental Information** Our audit was performed for the purpose of forming an opinion on the financial statements that comprise the District's basic financial statements. The accompanying information identified in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Information** The information identified in the table of contents as other information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 31, 2006

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

**REQUIRED SUPPLEMENTAL INFORMATION  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

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**Management's Discussion and Analysis (MD&A)  
September 30, 2005**

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As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2005. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

**FINANCIAL HIGHLIGHT**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,258,805 (*net assets*).

**OVERVIEW OF THE FINANCIAL STATEMENTS** This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The District is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

**FUND FINANCIAL STATEMENTS** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the District is reported as proprietary fund type.

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

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**Management's Discussion and Analysis (MD&A)  
September 30, 2005**

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**USING THIS ANNUAL REPORT** The District's annual report consists of financial statements that show information about the District's enterprise fund.

***Financial Section***

**Required Supplemental Information**

**Management's Discussion & Analysis (MD&A)**

**Basic Financial Statements**

**Fund  
Financial Statements**

**Notes to the Basic Financial  
Statements**

**Supplemental Information**

**Schedule of Compensation Paid Board Members**

Our auditor has provided assurance in the independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

**Reporting the District's Fund** The District's financial statements provide detailed information about the enterprise fund. The District's enterprise fund uses the following accounting approach:

Proprietary funds – all of the District's services are reported in enterprise funds. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

**FINANCIAL ANALYSIS** The District's net assets were \$3,258,805 at September 30, 2005. Our analysis below focuses on the net assets and the change in net assets of the District as a whole.

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

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**Management's Discussion and Analysis (MD&A)  
September 30, 2005**

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**Table 1  
Net Assets  
(in thousands)**

	<u>2005</u>	<u>2004</u>
Current assets	\$ 3,926	\$ 3,692
Restricted current assets	226	197
Capital assets, net	<u>1,203</u>	<u>872</u>
Total assets	<u>\$5,355</u>	<u>\$4,761</u>
Current liabilities	1,265	1,081
Current liabilities payable from current restricted assets	103	97
Long-term liabilities	<u>729</u>	<u>511</u>
Total liabilities	<u>2,097</u>	<u>1,689</u>
Net assets		
Invested in capital assets, net of related debt	330	237
Restricted	124	100
Unrestricted	<u>2,804</u>	<u>2,735</u>
Total net assets	<u>\$ 3,258</u>	<u>\$ 3,072</u>



**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

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**Management's Discussion and Analysis (MD&A)  
September 30, 2005**

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**Table 2  
Changes in Net Assets  
(in thousands)**

	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>		
Operating revenues		
Net patient service revenues	\$6,641	\$ 5,582
Contributions from Ambulance Service District	84	82
State of Louisiana, Disproportionate Share Pool Payments	742	892
Vending machine commissions	4	4
Rental Income	5	6
Cafeteria sales	18	19
Property taxes	122	116
Other	<u>572</u>	<u>464</u>
Total operating revenues	<u>8,188</u>	<u>7,165</u>
<b>Expenses:</b>		
Operating expenses		
Daily patient services	677	631
Nursing services	2,119	1,687
Other professional services	2,024	1,562
General services	766	670
Administrative and fiscal services	947	908
Employee benefits	527	507
Depreciation	249	196
Provision for bad debts	689	942
Interest Expense	<u>74</u>	<u>47</u>
Total operating expenses	<u>8,072</u>	<u>7,150</u>
Operating Income (Loss)	<u>116</u>	<u>15</u>
Nonoperating Revenues (Expenses)		
Grant Revenue	66	49
Interest Revenue:		
Unrestricted assets	1	8
Assets whose use is limited	<u>3</u>	<u>4</u>
Total nonoperating revenues (expenses)	<u>70</u>	<u>61</u>
Change in Net Assets	<u>\$ 186</u>	<u>\$ 76</u>

Total revenues increased by \$1,023 due mainly to designation by the District to Critical Access Hospital.

Total expenses increased \$922 due mainly to expansion of services in rehabilitation and swing-bed.

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

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**Management's Discussion and Analysis (MD&A)  
September 30, 2005**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At September 30, 2005, the District had \$1,203,436 invested in capital assets, including land, buildings, site improvements, furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$331,466, or 38% from last year.

	<u>2005</u>	<u>2004</u>
Land	\$ 9,115	\$ 4,615
Land improvements	75,704	75,704
Building	1,730,924	1,689,404
Equipment, furniture and fixtures	3,427,575	2,934,215
	41,151	0
Less accumulated depreciation	<u>(4,081,033)</u>	<u>(3,831,968)</u>
Totals	<u>\$ 1,203,436</u>	<u>\$ 871,970</u>

***Debt***

The District purchased a new CT scanner during 2005, which is under a capital lease, in the amount of \$268,460. See Note 8 and Note 9 for further details on debt.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT** Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Mr. Paul Mathews, 1102 North Pine Road, Olla, Louisiana 71465, telephone number (318) 495-3131.

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

**BASIC FINANCIAL STATEMENT**

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE  
PARISH OF LaSALLE , STATE OF LOUISIANA  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

**ENTERPRISE FUND  
BALANCE SHEET  
September 30, 2005 and 2004**

<u>ASSETS</u>	<u>General Fund</u>	
	<u>2005</u>	<u>2004</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Cash, checking	\$ 307,248	\$ 7,126
Certificates of deposit	0	9,976
Total cash and cash equivalents	307,248	17,102
Receivables		
Patient services, net of allowances of \$1,019,096 and \$940,491	2,098,638	1,564,596
Estimated third-party payor settlements	0	692,569
Disproportionate Share Pool Payments	1,202,473	1,107,791
Interest	2,127	6,032
Supplies	264,255	269,827
Prepaid expenses	50,779	33,740
	3,618,272	3,674,555
Assets whose use is limited		
Under revenue bond agreement		
Revenue bond and interest sinking account	108,205	105,899
Revenue bond reserve account	104,581	87,027
Depreciation and contingency fund	13,677	4,395
Total assets whose use is limited	226,463	197,321
Total current assets	4,151,983	3,888,978
<b>CAPITAL ASSETS</b>		
Land	9,115	4,615
Land improvements	116,855	75,704
Buildings	1,730,924	1,689,404
Equipment, furniture and fixtures	3,427,575	2,934,215
Less accumulated depreciation	(4,081,033)	(3,831,968)
Total capital assets	1,203,436	871,970
<b>TOTAL ASSETS</b>	<b>\$ 5,355,419</b>	<b>\$ 4,760,948</b>

The notes to the financial statements are an integral part of this statement.

Statement A

<u>LIABILITIES AND EQUITY</u>	<u>General Fund</u>	
	<u>2005</u>	<u>2004</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 194,881	\$ 319,997
Salaries payable	140,986	116,174
Cost report payable	405,566	0
Current portion of capital leases	75,146	58,773
Bank note and revenue certificates payable	332,000	500,000
Accrued vacation payable	<u>116,733</u>	<u>85,654</u>
Total current liabilities payable from unrestricted assets	<u>1,265,312</u>	<u>1,080,598</u>
Payable from assets whose use is limited		
Revenue bonds payable	70,000	65,000
Accrued bond interest payable	<u>32,525</u>	<u>32,144</u>
Total current liabilities payable from restricted assets	<u>102,525</u>	<u>97,144</u>
Total current liabilities	<u>1,367,837</u>	<u>1,177,742</u>
<b>NONCURRENT LIABILITIES</b>		
Revenue bonds and revenue certificates payable	474,000	405,000
Capital leases	<u>254,777</u>	<u>105,939</u>
Total noncurrent liabilities	<u>728,777</u>	<u>510,939</u>
Total liabilities	<u>2,096,614</u>	<u>1,688,681</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	329,513	237,258
Restricted - expendable	123,938	100,177
Unrestricted	<u>2,805,354</u>	<u>2,734,832</u>
NET ASSETS	<u>3,258,805</u>	<u>3,072,267</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,355,419</u>	<u>\$ 4,760,948</u>

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE  
PARISH OF LaSALLE, STATE OF LOUISIANA  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

**ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
For the Years Ended September 30, 2005 and 2004**

Statement B

	<u>General Fund</u>	
	<u>2005</u>	<u>2004</u>
<b>OPERATING REVENUES</b>		
Net patient service revenues	\$ 6,641,261	\$ 5,582,335
Contributions from Ambulance Service District	83,600	82,400
State of Louisiana, Disproportionate Share Pool Payments	741,969	891,815
Vending machine commissions	3,698	3,852
Rental income	5,025	6,323
Cafeteria sales	18,059	18,702
Property taxes	122,454	116,148
Other	<u>572,212</u>	<u>463,571</u>
Total operating revenues	<u>8,188,278</u>	<u>7,165,146</u>
<b>OPERATING EXPENSES</b>		
Daily patient services	676,601	631,383
Nursing services	2,119,177	1,687,105
Other professional services	2,023,503	1,562,039
General services	766,580	670,366
Administrative and fiscal services	947,444	908,399
Employee benefits	526,462	506,805
Depreciation	249,069	195,901
Provision for bad debts	689,023	941,657
Interest expense	<u>74,140</u>	<u>46,068</u>
Total operating expenses	<u>8,071,999</u>	<u>7,149,723</u>
<b>OPERATING INCOME (LOSS)</b>	<u>116,279</u>	<u>15,423</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant revenue	66,212	48,706
Interest revenue:		
Unrestricted assets	204	8,289
Assets whose use is limited	<u>3,843</u>	<u>3,714</u>
Total nonoperating revenues (expenses)	<u>70,259</u>	<u>60,709</u>
<b>CHANGE IN NET ASSETS</b>	186,538	76,132
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,072,267</u>	<u>2,996,135</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,258,805</u>	<u>\$ 3,072,267</u>

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE  
PARISH OF LaSALLE, STATE OF LOUISIANA  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

**ENTERPRISE FUND  
Statement of Cash Flows  
For the Years Ended September 30, 2005 and 2004**

Statement C

	<b>General Fund</b>	
	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net receipts from patient services	\$ 6,482,734	\$ 5,047,335
State of Louisiana, Disproportionate Share Pool payments	836,651	954,013
Other receipts	680,352	690,996
Payments to vendors	(4,099,792)	(4,873,583)
Payments to employees	<u>(2,926,894)</u>	<u>(2,276,140)</u>
 <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	 <u>973,051</u>	 <u>(457,379)</u>
 <b>CASH FLOWS (USED) FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of property, plant and equipment	(580,531)	(293,712)
Other revenues	66,212	48,706
Bank note proceeds	471,000	500,000
Bank note payable	(500,000)	0
Capital lease obligations:		
Overpayment of capital leases	0	54,991
Principal payments	(60,188)	0
Hospital revenue bonds:		
Principal	(65,000)	(65,000)
Interest	(21,042)	(21,200)
Compensated absences	<u>31,079</u>	<u>18,072</u>
 <b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	 <u>\$ (658,470)</u>	 <u>\$ 241,857</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE  
PARISH OF LaSALLE, STATE OF LOUISIANA  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana**

**ENTERPRISE FUND  
Statement of Cash Flows  
For the Years Ended September 30, 2005 and 2004**

**Statement C**

	<b>General Fund</b>	
	<u><b>2005</b></u>	<u><b>2004</b></u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in restricted assets	\$ (29,142)	\$ 56,645
Interest received	<u>4,707</u>	<u>15,870</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(24,435)</u>	<u>72,515</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	290,146	(143,007)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>17,102</u>	<u>160,109</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>307,248</u>	<u>17,102</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	116,279	15,423
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Provision for bad debts	689,023	941,657
Depreciation expense	249,069	195,901
Interest paid on capital and related financing activities	74,140	46,068
(Increase) decrease in:		
Accounts receivable, patient services	(1,050,666)	(921,802)
Accounts receivable, third party payors settlements	692,569	(496,735)
Accounts receivable, Disproportionate Share Pool Payments	(94,682)	62,198
Supplies	5,572	(72,930)
Prepaid expenses	(17,039)	2,521
Other	3,905	6,307
Increase (decrease) in:		
Accounts payable, trade	(125,116)	102,442
Cost report payable	405,566	0
Bond interest payable	(381)	
Salaries payable	24,812	24,127
Accrued expenses	<u>0</u>	<u>(362,556)</u>
<b>Total adjustments</b>	<u>856,772</u>	<u>(472,802)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 973,051</u>	<u>\$ (457,379)</u>

(Concluded)



**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
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**Hospital Service District Number One of the  
Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury**

**Notes to the Financial Statements  
For the Years Ended September 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, (the District), was created by the LaSalle Parish Police Jury, and operates Hardtner Medical Center through its Board of Commissioners. Hardtner Medical Center is a 35-bed hospital located in Olla, Louisiana, providing health care services to residents of Olla and the surrounding communities. In addition, the District provides office space on a rental basis to several physicians who serve patients of the hospital.

The District is governed by a Board of Commissioners composed of five members. Mr. Paul Mathews, Administrator of the Hospital, serves as secretary and treasurer of the Board.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. The more significant of the Hospital Service District's accounting policies are described below.

**A. REPORTING ENTITY** The District is a component unit of the LaSalle Parish Police Jury, the reporting entity. The LaSalle Parish Police Jury is the governing authority of the parish of LaSalle, Louisiana, and is governed by a board of police jurors elected by the public. Under the provisions granted by the Louisiana statutes, the police jury created the District and appoints the members of its Board of Commissioners. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the LaSalle Parish Police Jury, or other governmental units that comprise the financial reporting entities.

**B. FUND ACCOUNTING** The accounts of the District are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. The funds presented in the financial statements are described as follows:

**Enterprise Funds** The following enterprise funds are proprietary fund types that account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration:

**General Fund** This fund accounts for the operations of the Medical Center. Its purpose is to provide needed health care services to persons within the district. This fund also accounts for buildings provided for Doctor's use and concessions.

**Hospital Service District Number One of the  
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**Notes to the Financial Statements  
For the Years Ended September 30, 2005**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**Enterprise Funds** The enterprise funds are reported on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The District has elected pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operations. The principal operating revenue of the District is patient related revenue. Operating expenses include the costs of providing this service. All revenues and expenses not meeting this definition are reported as non-operating.

**Net Patient Service Revenue** Net patient service revenue is patient revenue reported at Hardtner Medical Center's established rates less contractual adjustments and policy discounts. Retroactive adjustments arising under reimbursement agreements with third-party payers are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The District has agreements with third-party payers that provide for reimbursement to the District at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the District's established rates for services and amounts reimbursed by third-party payers. A summary of the basis of reimbursement with major third-party payers follows:

**Medicare** On October 1, 2004, the District converted to a Critical Access Hospital (CAH) with a Distinct Part Psychiatric Unit. Inpatient acute care services and swing bed services rendered to Medicare program beneficiaries are reimbursed at cost plus 1%. Outpatient services are reimbursed at cost plus 1% (subject to limits and rules), while other outpatient laboratory services are reimbursed on a fee schedule. Inpatient Psychiatric services are reimbursed on a cost reimbursement methodology subject to certain limitation.

The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's Medicare cost reports have been settled by the Medicare fiscal intermediary through September 30, 2003.

**Medicaid** Inpatient services rendered to Medicaid program beneficiaries are reimbursed on prospectively determined rates. Most outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2003.

The state Medicaid Program made partial interim payments based on cost report figures without considering per-discharge limitations and incentive payments pending approval of this payment plan by the Health Care Financing Administration. The state of Louisiana recently settled cost reports for prior years after reaching agreement with

**Hospital Service District Number One of the  
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**Notes to the Financial Statements  
For the Years Ended September 30, 2005**

the federal government regarding reimbursement methodology and upon appropriations of funds by the state legislature.

**Blue Cross** Inpatient services rendered to Blue Cross subscribers are reimbursed at an all-inclusive daily per diem rate. The prospectively determined per diem rates are not subject to retroactive adjustments.

**Civilian Health and Medical Program of the Uniformed Services (Champus)** Inpatient and outpatient services rendered are reimbursed on the same basis used by Medicare.

**Charity** Title VI (Hill-Burton) of the Public Health Act Regulations required hospitals to provide free care to patients who were unable to pay for the years ended September 30.

Hardtner Medical Center completed its twenty-year obligation of providing free care under Hill-Burton. A policy for providing continuing charity care for future years has been established by the District.

**Net patient service revenue** Following is a summary of contractual and other adjustments to arrive at net patient service revenues for the years ended September 30:

	<u>2005</u>	<u>2004</u>
Gross patient service revenue	\$10,261,084	\$8,673,979
Less contractual adjustments:		
Medicare	(2,787,525)	(1,897,862)
Medicaid	(382,489)	(648,424)
Other third parties	(449,809)	(545,358)
Total contractual adjustments	<u>(3,619,823)</u>	<u>(3,091,644)</u>
Net patient service revenue	<u>\$6,641,261</u>	<u>\$5,582,335</u>

Approximately fifty-five to sixty percent of the net patient service revenue comes from Medicare and Medicaid billings.

**Ad Valorem Taxes** are susceptible to accrual.

**Contributions** Contributions from the LaSalle Parish Ambulance Service District for operation of the ambulances are treated as operating revenues. Unrestricted donations are treated as nonoperating revenues when received.

**D. BUDGET PRACTICES** The District maintains only enterprise funds in its accounting system and is not subject to the Louisiana Local Government Budget Act or the requirements of accounting principles generally accepted in the United States of America that require budget to actual comparisons. Therefore, budget to actual comparisons, usually found in the financial statements of governmental entities, are not included in these statements.

**E. ENCUMBRANCES** The District does not use a formal system of encumbrance accounting.

**F. CASH AND CASH EQUIVALENTS** Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with

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For the Years Ended September 30, 2005**

original maturities of 90 days or less. The District deposits its funds in fiscal agent banks organized under the laws of the state of Louisiana, or the laws of the United States of America.

**G. INVESTMENTS** Investments are bank certificates of deposit that are valued at cost which approximates market. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**H. SUPPLIES AND INVENTORY** Inventories of supplies and minor equipment are valued at lower of cost (first-in, first-out) or latest invoice price.

**I. ASSETS WHOSE USE IS LIMITED** Assets whose use is limited include funds set aside in accordance with agreements with third-party payers and funds held in accordance with the provisions of a revenue bond agreement.

**J. PROPERTY, PLANT AND EQUIPMENT** Property and equipment acquisitions are recorded at cost. Property and equipment donated for the District's operations are valued at their fair market value on the date received.

All exhaustible property and equipment are shown in the accompanying balance sheet at their original costs, less accumulated depreciation. Depreciation is recorded on the straight-line method over the estimated useful lives, as follows:

Land improvements	12-29 years
Buildings	16-40 years
Fixed equipment	5-20 years
Major moveable equipment	3-20 years

**K. LONG-TERM DEBT** Long-term liabilities expected to be financed from proprietary fund operations, Hardtner Medical Center, are accounted for in the enterprise fund.

**L. RESTRICTED NET ASSETS** Net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**M. USE OF ESTIMATES** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - DEPOSITS & INVESTMENTS** At September 30, 2005, the District had the following investments:

Interest Rate Risk: The District's policy does not address interest rate risk.

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**Credit Risk:** The District invests in certificates of deposit which do not have credit ratings.

**Custodial Credit-Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of September 30, 2005, the District's bank balance of \$715,331 was exposed to custodial credit risk because it was uninsured and collateralized with security held by the pledging financial institutions trust department or agent but not in the District's name. Even though the pledge securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon request.

**NOTE 3 - ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS** Accounts receivable - patients, include unpaid amounts billed to discharged patients and third-party payers such as insurance companies and the fiscal intermediaries of the Social Security Administration on behalf of patients eligible for benefits under Title XVIII and XIX of the Social Security Act. Also included are unbilled charges for those patients not discharged at September 30, 2005.

**NOTE 4 - ACCOUNTS PAYABLE** The payables at September 30, 2005, are as follows:

Vendors	<u>Total</u> \$194,881
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**NOTE 5 - ASSETS WHOSE USE IS LIMITED** The District is required to make monthly deposits into the following funds under the Farmers Home Administration loan agreement:

	September 30, 2005	2004
	<u>Monthly</u>	<u>Balance</u>
Revenue bond and interest sinking account	\$7,542	\$108,205
Revenue bond reserve account	0	104,581
Depreciation and contingency fund	<u>770</u>	<u>13,677</u>
Total assets whose use is limited	<u>\$8,312</u>	<u>\$226,463</u>

These monies are in interest-bearing accounts and are included in the balance sheet as assets whose use is limited. There is a required amount of \$99,000 maintained in the revenue bond reserve account. Payments into the depreciation and contingency fund shall continue and are to be used only for replacement and repairs. The revenue bond reserve account is used to make annual principal and interest payments. All required deposits to these funds have been made.

**NOTE 6 - CONTINGENCIES** The District evaluates contingencies based upon the best available evidence. The District believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the District's estimates, future earnings will be charged or credited.

**Hospital Service District Number One of the  
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For the Years Ended September 30, 2005**

**Third-Party Government-Based Revenues** Cost reimbursements are subject to examination by agencies administering the programs. Effective October 1, 1983, the Medicare program discontinued its cost-based reimbursement system for inpatient services. Under the program, the District receives a fixed fee for each patient, which is determined by the government. The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

Federal and state budget restraints are increasing the time period taken to pay Medicare and Medicaid claims and the Medicaid program is delaying payment of year-end statements.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

**Self-Insurance** The District became partially self-insured for employees' group and health insurance coverage on June 1, 2002. Claims are funded through employee contributions and operating funds of the District. The District maintains stop-loss coverage with an insurance company for claims in excess of \$25,000 per claim for each employee. All known claims filed and an estimate of incurred but not reported claims based on experience of the District are made and accrued as necessary in the financial statements. The estimate of incurred but not reported claims at September 30, 2005 and 2004 was not material; therefore, no accrual was made.

**Litigation** At September 30, 2005, the District was not involved in any litigation.

**NOTE 7 - PENSION PLAN** Employees of the Hardtner Medical Center are covered by the Federal Social Security System. The Hospital provides administrative assistance to its employees who participate in a salary reduction plan under Section 403(b) of the Internal Revenue Code. However, the District does not contribute to the plan.

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For the Years Ended September 30, 2005**

**NOTE 8 - PROPERTY PLANT AND EQUIPMENT** The balances and changes in property, plant and equipment as of and for the year ended September 30, 2005 are as follows:

	Balance <u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Ending</u>
Land	\$ 4,615	\$ 4,500	\$0	\$ 9,115
Land improvements	75,704	0	0	75,704
Buildings	1,689,404	41,520	0	1,730,924
Equipment, furniture and fixtures	2,934,215	493,360	0	3,427,575
Construction in progress	<u>0</u>	<u>41,151</u>	<u>0</u>	<u>41,151</u>
Total	<u>4,703,938</u>	<u>580,531</u>	<u>0</u>	<u>5,284,469</u>
Less accumulated depreciation:				
Land improvements	40,988	\$ 2,423	0	43,411
Buildings	1,402,341	51,088	0	1,453,429
Equipment, furniture and fixtures	<u>2,388,639</u>	<u>195,554</u>	<u>0</u>	<u>2,584,193</u>
Total	<u>3,831,968</u>	<u>249,065</u>	<u>0</u>	<u>4,081,033</u>
Property, plant and equipment, net	<u>\$ 871,970</u>	<u>\$ 331,466</u>	<u>0</u>	<u>\$ 1,203,436</u>

The balances and changes in property, plant and equipment as of and for the year ended September 30, 2004 are as follows:

	Balance <u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Ending</u>
Land	\$ 4,615	\$ 0	\$0	\$ 4,615
Land improvements	47,471	28,233	0	75,704
Buildings	1,642,801	46,603	0	1,689,404
Equipment, furniture and fixtures	<u>2,715,339</u>	<u>218,876</u>	<u>0</u>	<u>2,934,215</u>
Total	<u>4,410,226</u>	<u>293,712</u>	<u>0</u>	<u>4,703,938</u>
Less accumulated depreciation:				
Land improvements	39,449	1,539	0	40,988
Buildings	1,363,427	38,914	0	1,402,341
Equipment, furniture and fixtures	<u>2,233,191</u>	<u>155,448</u>	<u>0</u>	<u>2,388,639</u>
Total	<u>3,636,067</u>	<u>195,901</u>	<u>0</u>	<u>3,831,968</u>
Property, plant and equipment, net	<u>\$ 774,159</u>	<u>\$97,811</u>	<u>\$0</u>	<u>\$ 871,970</u>

**NOTE 9 - LONG-TERM DEBT** Funding for a 1981 expansion program was provided by the issuance of \$1,376,000 revenue bonds and \$348,000 from earnings accumulated by the District. The bonds bear interest at five percent per annum and are payable over a period of 40 years. They were acquired by the Farmers Home Administration and are secured by a pledge of income, revenues and receipts derived by the District.



**Hospital Service District Number One of the  
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**Notes to the Financial Statements  
For the Years Ended September 30, 2005**

The following is a summary of long-term debt principal transactions for the years ended September 30:

	<u>Revenue Bonds</u>	
	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$470,000	\$535,000
Redeemed	<u>65,000</u>	<u>65,000</u>
Balance, end of year	<u>\$405,000</u>	<u>\$470,000</u>

Scheduled annual debt service requirements are as follows:

<u>Year Ending September 30, 2005</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 70,000	\$ 20,250	\$ 90,250
2006	75,000	16,750	91,750
2007	80,000	13,000	93,000
2008	90,000	9,000	99,000
2009	<u>90,000</u>	<u>4,500</u>	<u>94,500</u>
Total	<u>\$405,000</u>	<u>\$63,500</u>	<u>\$468,500</u>

The District received \$171,000 from Excess Revenue Certificate of Indebtedness, Series 2004A issued December 30, 2004 with a stated interest rate of 4.00%. The annual debt service requirements are as follows:

<u>Year Ending September 30, 2005</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$32,000	\$ 5,280	\$ 37,280
2006	33,000	4,140	37,140
2007	34,000	2,980	36,980
2008	35,000	1,820	36,820
2009	<u>37,000</u>	<u>620</u>	<u>37,620</u>
Total	<u>\$171,000</u>	<u>\$14,840</u>	<u>\$185,840</u>

The District also issued Certificate of Indebtedness, Series 2005 in May, 2005 with a total issue amount of \$500,000 and stated interest rate of 4.00%, with principal and interest due March 1, 2006. The District received \$300,000 of the proceeds from the Certificate of Indebtedness during 2005.

**NOTE 10 - CAPITAL LEASE OBLIGATIONS** The District records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of equipment under capital leases:

	<u>September 30, 2005</u>
<u>Type</u>	
Ultrasound equipment	\$134,473
CT scanner	<u>268,460</u>
Total	<u>\$402,933</u>

**Hospital Service District Number One of the  
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**Notes to the Financial Statements  
For the Years Ended September 30, 2005**

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of September 30, 2005:

<u>Years ending September 30,</u>	<u>Ultrasound Equipment</u>	<u>CT Scanner</u>	<u>Total</u>
2006	\$39,900	\$60,781	\$ 100,681
2007	39,900	60,781	100,681
2008	39,900	60,781	100,681
2009	19,821	60,781	80,602
2010	0	5,067	5,067
Total minimum lease payments	139,521	248,191	387,712
Less amounts representing interest	(33,582)	(24,207)	(57,789)
Present value of net minimum lease payments	<u>\$105,939</u>	<u>\$223,984</u>	<u>\$329,923</u>

**NOTE 11 - INCOME TAXES** The District is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**NOTE 12 - BEHAVIORAL HEALTH UNIT** The District established a Behavioral Health Unit (BHU) in 1996. The BHU provides programs for the treatment of emotional problems and psychiatric disorders and operates out of a ten-bed wing in the Hospital.

**NOTE 13 - AD VALOREM TAX** The District levies taxes on real and business personal property located within LaSalle Parish's boundaries. Property taxes are levied by the District on property values assessed by the LaSalle Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The LaSalle Parish Sheriff's Office bills and collects property taxes for the District. Collections are remitted to the District monthly.

**Property Tax Calendar**

Millage rates adopted	September 28, 2004
Levy date	September 28, 2004
Tax bills mailed	On or about November 7, 2004
Total taxes are due	December 31, 2004
Lien date	January 1, 2004
Penalties and interest are added	January 31, 2005
Tax sale - 2004 delinquent property	May 2005

Assessed values are established by the LaSalle Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value.

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

**Hospital Service District Number One of the  
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**Notes to the Financial Statements  
For the Years Ended September 30, 2005**

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2002. Total gross assessed value was \$16,140,536 in calendar year 2004. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$3,995,231 of the assessed value in calendar year 2004.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

All property taxes are recorded in the enterprise fund on the basis explained in Note 1. Revenues in this fund are recognized in the accounting period in which they become measurable and when there exists an enforceable legal claim. The District considers January 1 the lien date, as the date that an enforceable legal claim exists. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

The following is a summary of authorized and levied (tax rate per \$1,000 assessed value) ad valorem tax:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide tax:			
Operations and maintenance	10.13	10.13	2014

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
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Olla, Louisiana**

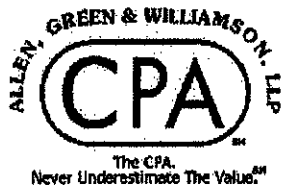
**SUPPLEMENTAL INFORMATION**

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
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Olla, Louisiana**

**Schedule of Compensation Paid Board Members  
For the Year Ended September 30, 2005**

Board members who served during the fiscal year and the amount of compensation received by each are presented below in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Mr. Lee Richardel, Chairman	\$ 480
Mrs. Irma Terral, Vice Chairman	480
Mr. M. L. Barksdale	440
Mr. Joe Wilson	480
Mr. Mike Duke	<u>480</u>
Total	<u>\$2,360</u>



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1963 - 2000

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Board of Commissioners  
Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
A Component Unit of the LaSalle Parish Police Jury  
Olla, Louisiana

We have audited the financial statements of the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, a component unit of the LaSalle Parish Police Jury, as of and for the years ended September 30, 2005 and 2004 and have issued our report thereon dated March 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition noted is described in the accompanying Schedule of Findings and Questioned Costs as item 05-F1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition noted above is not a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant

agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Commissioners, management, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Allen, Green + Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 31, 2006

**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2005**

**Part II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:**

**Reference # and title:**            **05-F1**        **Payroll Records/Personnel Files**

**Entity-wide or program/department specific:** This finding is specific to payroll.

**Criteria or specific requirement:** Time sheets/time cards should be signed by the employee and approved by the signature of employee's supervisor. The current rate of pay should be documented in personnel file.

**Condition:** During the testing of 20 payroll expenditures, the following were noted:

- 1) Five (5) exceptions were noted in which the supervisor did not sign time card.
- 2) Twelve (12) exceptions were noted in which the employee did not sign time card.
- 3) Three (3) exceptions were noted in which salary did not recompute with rate of pay.

**Possible asserted effect (cause and effect):**

**Cause:** Unknown

**Effect:** Employees/supervisors did not sign time cards. Rate of pay did not recompute when compared with rate in personnel file.

**Recommendations to prevent future occurrences:** Employees and supervisors should sign time cards as evidence of correctness. Current rate of pay should be included in personnel file.



**Hospital Service District Number One  
of the Parish of LaSalle, State of Louisiana  
Corrective Action Plan for Auditor's Current Year Findings  
September 30, 2005**

**Reference # and title:**     **05-F1**     **Payroll Records/Personnel Files**

**Condition:** During the testing of 20 payroll expenditures, the following were noted:

- 1) Five (5) exceptions were noted in which the supervisor did not sign time card.
- 2) Twelve (12) exceptions were noted in which the employee did not sign time card.
- 3) Three (3) exceptions were noted in which salary did not recompute with rate of pay.

**Corrective action planned:** Procedures will be put in place by management to assure signatures are captured on time cards in the future.

**Person responsible for the above corrective actions:**

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